

Message Text

CONFIDENTIAL

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ACTION EA-09

INFO OCT-01 PM-04 ISO-00 MC-02 AID-05 IGA-02 OMB-01 ACDA-07

COME-00 TRSE-00 CIAE-00 H-01 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /072 W

-----181237Z 104790 /10

R 180830Z MAR 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9891

INFO SECDEF/DSSAA:ISA(SA)(TC)(EA6PR) WASHDC

CINCPAC/J47 HONOLULU HI

C O N F I D E N T I A L JAKARTA 03475

E.O. 11652: GDS

TAGS: PFOR, MASS, ID

SUBJECT: FMS CREDIT FOR INDONESIA

REF : (A) CHUSDLG 080611Z FEB 77 (NOTAL).

(B) STATE 027603 (DTG 080025Z FEB 77)(NOTAL)

1. REF A ADVISED SECDEF OF RECEIPT OF FORMAL REQUEST FROM GOI FOR FMS CREDIT IN AMOUNT OF \$120 MILLION AND ADVISED OF AMBASSADOR'S INTENTION TO DISCUSS SUBJECT WITH APPROPRIATE AGENCIES DURING VISIT TO WASHINGTON FEB 14-18. REF B ADVISED THAT INDONESIAN AMBASSADOR HAD CONFIRMED GOI SUBMISSIN OF FORMAL PROPOSAL FOR PURCHASE OF ONE SQUADRON F-5E'S AND ONE SQUADRON T-34'S. INTENT OF THIS MESSAGE IS T O RECAP GOI REQUEST FOR ALL CONCERNED.

2. ON JAN 25 GOI FORMALLY REQUESTED FMS CREDIT TO SUPPORT ACQUISITION OF ONE SQUADRON OF F-5E AIRCRAFT, ONE SQUADRON OF T-34C TRAINER AIRCRAFT AND A SMALL ARMS (M-16 RIFLE AND AMMUNITION) CO-PRODUCTION FACILITY WITH PRIORITY AS LISTED. TOTAL ACQUISITION COST ESTIMATED AT \$120 MILLION. GOI ALSO INDICATED THAT IF FY 77 CREDITS WERE NOT AVAIL ABLE IN THIS AMOUNT THEN USG VIEWS ON ALTERNATE FUNDING WERE REQUESTED. CONFIDENTIAL

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OPINION OF SECDEF/SECSTATE ON POSSIBLE ALTERNATIVES IS SOLICITED (E.G., USING UNOBLIGATED BALANCE OF \$4.2 MILLION IN FY 76 FMS CREDITS

, FY 77 FMS CREDITS OF \$23.1 MILLION AND PROPOSED BY 78 FMS CREDITS OF \$40 MILLION IN COMBINATION WITH COMMERCIAL CREDITS AS NECESSARY TO FUND ENTIRE PACKAGE).

3. RATIONALE FOR ITEMS REQUESTED IS AS FOLLOWS:

A. F-E AIRCRAFT WILL REPLACE AGING AUSTRALIAN F-86 FIGHTER WHICH WILL BE PHASED OUT OF INVENTORY IN 1978. ACQUISITION OF AIRCRAFT WILL SUPPORT COMMONALITY OF EQUIPMENT WITHIN ASEAN.

B. T-34C TRAINER AIRCRAFT WILL REPLACE OBSOLESCE T-34A. EARLIEST REPLACEMENT CONSIDERED ESSENTIAL TO MAINTAINANCE OF TRAINING CAPABILITY.

C. SMALL ARMS CO-PRODUCTION FACILITY (M-16 RIFLE AND AMMUNITION) WOULD STANDARDIZE INDIVIDUAL WEAPON WITHIN INDONESIAN ARMED FORCES. TO DATE, US GOVERNMENT HAS PROVIDED 22,157 M-16'S THROUGH GRANT AID PROGRAM TO INDONESIA. PRODUCTION OF 300,000 RIFLES WOULD REPLACE ALL OTHER MODEL RIFLES IN ARMY (STRENGTH 180,000) AND MARINE CORPS (STRENGTH 11,000). PLANT COULD ALSO PROVIDE REPAIR PARTS AND REPLACEMENT WEAPONS. COLT OFFER INCLUDES TECHNICAL AND MANAGERIAL ASSISTANCE TO PERMIT DUAL PRODUCTION OF RIFLES AND NON-MILITARY ITEMS FOR CIVILIAN USE (SUCH AS BRICK PRESSES AND PUMPS). VALUE OF NEAR SELF-SUFFICIENCY IN SMALL ARMS PRODUCTION WILL PROBABLY OUTWEIGH HIGHER SHORT-RANGE UNIT COST OF MAKING WEAPONS RATHER THAN BUYING THEM DIRECTLY.

4. ABOVE EQUIPMENT WAS INCLUDED IN FY 79-83 MILITARY SECURITY ASSISTANCE PROJECTION (MSAP) AND WAS REVIEWED BY COUNTRY TEAM. EMBASSY URGES FAVORABLE CONSIDERATION OF REQUEST. NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, CREDIT, LOANS
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977JAKARTA03475
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770093-0480
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From: JAKARTA
Handling Restrictions: n/a
Image Path:
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Line Count: 88
Litigation Code IDs:
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 27603
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3069007
Secure: OPEN
Status: NATIVE
Subject: FMS CREDIT FOR INDONESIA
TAGS: PFOR, MASS, ID
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/920ceeb5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009